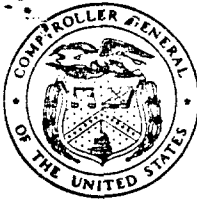


DECISION

9605
**THE COMPTROLLER GENERAL
OF THE UNITED STATES**
WASHINGTON, D. C. 20548

PLM-2
Browne

FILE: B-202594

DATE: September 29, 1981

MATTER OF: Hyrum B. Johnson - Sale of Residence -
Warehousing Fee

DIGEST: Employee may not be reimbursed for warehousing fee charged by mortgage company in connection with the sale of his residence upon transfer. Warehousing fee is a mortgage discount charged to seller to defray cost to mortgage company of carrying loan until it is sold to a permanent investor. Applicable regulation specifically prohibits reimbursement of mortgage discounts.

An authorized certifying officer at the Department of Agriculture's National Finance Center requested an advance decision as to whether payment may be made on the voucher of Hyrum B. Johnson for reimbursement of a warehousing fee charged in connection with the sale of his residence upon transfer. For the reasons stated herein we find that a warehousing fee is not an allowable expense under the Federal Travel Regulations (FPMR 101-7, May 1973).

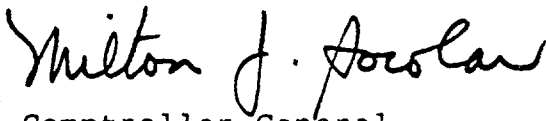
Mr. Johnson, a Department of Agriculture employee, was authorized a permanent change of duty station from Riverside, California, to Temple, Texas. In connection with this transfer Mr. Johnson sold his residence at his old duty station. At the time of settlement Advance Mortgage Corporation charged Mr. Johnson, the seller, a warehousing fee of \$150. It is the propriety of reimbursing this charge for which the certifying officer has requested an advance decision.

The mortgage corporation advises that the warehousing fee is a charge paid by the seller to cover the carrying cost incurred by the mortgagor while temporarily warehousing a Federal Housing Administration or Veterans Administration backed mortgage until its transfer to a permanent investor. The fee covers the interest on a portion of the mortgage lost by the mortgage company between the time a loan is made and the time at which the mortgage is sold to the permanent investor. The loss occurs because the mortgage company initially borrows the money released to a seller at settlement at commercial rates which carry a higher interest than the mortgage instrument. Thus, a warehousing fee is a discount charged to the seller.

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B-202594

Reimbursement to Federal employees for expenses incurred in connection with buying or selling a house upon transfer is governed by Part 6 of Chapter 2, Federal Travel Regulations. Paragraph 2-6.2d of these regulations specifically prohibits reimbursement of "interest on loans, points, and mortgage discounts." Accordingly, since a warehousing fee is a mortgage discount, it may not be reimbursed, and the voucher may not be certified for payment.


Acting Comptroller General
of the United States